HR 1 American Recovery and Reinvestment Act of 2009
Energy-Related Tax Credits & Financial Incentives

California Energy Commission

Title and Description	FINAL Act[1] Estimates	Comments
Long-term Extension and Modification of Renewable Energy Production Tax Credit.	$13,143,000,000	The bill would extend the placed-in-service date for wind facilities for three years (through Dec. 31, 2012). The bill would also extend the placed-in-service date for three years (through Dec. 31, 2013) for certain other qualifying facilities: closed-loop biomass, open-loop biomass, geothermal, small irrigation, hydropower, landfill gas, waste-to-energy and marine renewable facilities.
Temporary Election to Claim the Investment Tax Credit in Lieu of the Production Tax Credit.	$285,000,000	Under current law, facilities that produce electricity from solar facilities are eligible to take a 30% investment tax credit in the year that the facility is placed in service. Facilities that produce electricity from wind, closed-loop biomass, open-loop biomass, geothermal, small irrigation, hydropower, landfill gas, waste-to-energy and marine renewable facilities are eligible for a production tax credit. The production tax credit is payable over a 10-year period. Because of current market conditions, it is difficult for many renewable projects to find financing due to the uncertain future tax positions of potential investors in these projects. The bill would allow facilities to elect to claim the investment tax credit in lieu of the production tax credit.
Removal of Dollar Limitations on Certain Energy Credits.	$872,000,000	Under current law, businesses are allowed to claim a 30% tax credit for qualified small wind energy property (capped at $4,000). Individuals are allowed to claim a 30% tax credit for qualified solar water heating property (capped at $2,000), qualified small wind energy property (capped at $500 per kilowatt of capacity, up to $4,000), and qualified geothermal heat pumps (capped at $2,000). The bill would repeal the individual dollar caps. As a result, each of these properties would be eligible for an uncapped 30% credit.
Clean Renewable Energy Bonds.	$578,000,000	The bill authorizes an additional $1.6 billion of new clean renewable energy bonds to finance facilities that generate electricity from the following resources: wind, closed-loop biomass, open-loop biomass, geothermal, small irrigation, hydropower, landfill gas, marine renewable and trash combustion facilities. This $1.6 billion authorization will be subdivided into thirds: 1/3 will be available for qualifying projects of state/local/tribal governments; 1/3 for qualifying projects of public power providers; and 1/3 for qualifying projects of electric cooperatives.
Qualified Energy Conservation Bonds.	$803,000,000	The bill authorizes an additional $2.4 billion of qualified energy conservation loans and grants to finance state, municipal and tribal government programs and initiatives designed to reduce greenhouse gas emissions. The bill would also clarify that qualified energy conservation bonds may be issued to make loans and grants for capital expenditures to implement green community programs. The bill also clarifies that qualified energy conservation bonds may be used for programs in which utilities provide ratepayers with energy-efficient property and recoup the costs of that property over an extended period of time.

Tax Credits for Energy-Efficient Improvements to Existing Homes.	$2,034,000,000	The bill would extend the tax credits for improvements to energy-efficient existing homes through 2010. Under current law, individuals are allowed a tax credit equal to 10% of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements installed during the year. This tax credit is capped at $50 for any advanced main air circulating fan, $150 for any qualified natural gas, propane, oil furnace or hot water boiler and $300 for any item of energy-efficient building property. For 2009 and 2010, the bill would increase the amount of the tax credit to 30% of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements during the year. The bill would also eliminate the property-by-property dollar caps on this tax credit and provide an aggregate $1,500 cap on all property qualifying for the credit. The bill would update the energy-efficiency standards of the property qualifying for the credit. The bill would extend the tax credits for improvements to energy-efficient existing homes through 2010. Under current law, individuals are allowed a tax credit equal to 10% of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements installed during the year. This tax credit is capped at $50 for any advanced main air circulating fan, $150 for any qualified natural gas, propane, oil furnace or hot water boiler and $300 for any item of energy-efficient building property. For 2009 and 2010, the bill would increase the amount of the tax credit to 30% of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements during the year. The bill would also eliminate the property-by-property dollar caps on this tax credit and provide an aggregate $1,500 cap on all property qualifying for the credit. The bill would update the energy-efficiency standards of the property qualifying for the credit.
Tax Credits for Alternative Refueling Property.	$54,000,000	The alternative refueling property credit provides a tax credit to gas stations that install alternative fuel pumps, such as fuel pumps that dispense E85 fuel, electricity, hydrogen and natural gas. For 2009 and 2010, the bill would increase the 30% alternative refueling property credit for businesses (capped at $30,000) to 50% (capped at $50,000). Hydrogen refueling pumps would remain at a 30% credit percentage; however, the cap for hydrogen refueling pumps will be increased to $200,000. In addition, the bill would increase the 30% alternative refueling property credit for individuals (capped at $1,000) to 50% (capped at $2,000).
Plug-in Electric Drive Vehicle Credit.	$2,002,000,000	The bill modifies and increases a tax credit passed into law at the end of last Congress for plug-in electric drive vehicles placed in service during the year. The base amount of the credit is $2,500. If the qualified vehicle draws propulsion from a battery with at least 5 kilowatt hours of capacity, the credit is increased by $417, plus another $417 for each kilowatt hour of battery capacity in excess of 5 kilowatt hours up to 16 kilowatt hours. Taxpayers may claim the full amount of the allowable credit up to the end of the first calendar quarter in which the manufacturer records its 200,000th sale of a plug-in electric drive vehicle. The credit is reduced in following calendar quarters. The credit is allowed against the alternative minimum tax (AMT). The bill also restores and updates the electric vehicle credit for plug-in electric vehicles that would not otherwise qualify for the larger plug-in electric drive vehicle credit and provides a tax credit for plug-in electric drive conversion kits.
Treasury Department Energy Grants in Lieu of Tax Credits.	$5,000,000	Under current law, taxpayers are allowed to claim a production tax credit for electricity produced by certain renewable energy facilities and an investment tax credit for certain renewable energy property. These tax credits help attract private capital to invest in renewable energy projects. Economic conditions have undermined the effectiveness of these tax credits. As a result, the bill would allow taxpayers to receive a grant from the Treasury Department in lieu of tax credits. This grant will operate like the current-law investment tax credit. The Treasury Department will issue a grant in an amount equal to 30% of the cost of the renewable energy facility within 60 days of the facility being placed in service or, if later, within 60 days of receiving an application for such grant.